GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

M/s Sri Chakra Cements Ltd.,– Rehabilitation Scheme announced by Hon'ble Board for Industrial Financial and Reconstruction (BIFR) for revival of M/s. Sri Chakra Cements Ltd (SCCL)– payment of power tariff concessions at the rate of 25% of the Electricity bill for 7 years from the date of sanction of scheme from out of the Industrial Incentive Budget – Orders-Issued.

INDUSTRIES AND COMMERCE (PROG-I) DEPARTMENT

G.O.MS.No. 41 Dated: 12-02-2019
Read the following:

1. G.O.Ms.No.48, Industries & Commerce (Programme-1) Dept, dt.16.07.2015.
2. Energy (Power-I), I&I Department, U.O. Note No. 1149 /Pr.I(2) /2015-4, dated:09/10/2015
3. Commissioner of Industries Letter No. 10/2017/16964, Dt. 24.01.2018.
4. Minutes of the SIPB Meeting on 09.02.2019

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ORDER:

M/s Parthasarathy Cements and Industries Ltd (PCIL) established 200 TPD mini cement plant in 1981 in the backward area of Palnadu Taluk, Guntur District, Andhra Pradesh and its name was changed to Sri Chakra Cements Ltd in 1999. The company has incurred huge losses, due to bad market conditions, high cost of production, deficiencies in the Management, and instability of operations. Therefore, the company was registered with Board for Industrial and Financial Reconstruction (BIFR), vide Registration No. 186/88. The BIFR in it's orders, dated 7-11-1989, declared the company as sick industrial company in terms of Section 3 (1) (o) of the Sick Industrial Companies (Spl. Provisions) Act, 1985 (SICA) and in it's orders dated 26-7-2012 and 20-3-2013, the Hon'ble BIFR have announced the Sanctioned Scheme(SS) to Sri Chakra Cements Ltd., Guntur District for revival of the company.

2. Basing on the BIFR Scheme, Government in G.O 1st read above have issued orders granting the following concessions based on the decisions of the SIPB in its meeting held on 22.06.2015:-

1. The package of incentives sanctioned under BIFR Scheme; and
2. Deferment of future sales tax dues for a period of seven (7) years without interest, as recommended by A.P. Industrial & Technical Consultancy (APITCO).

3. As per the BIFR Scheme, Southern Power Distribution Company of AP Limited has to provide the following incentives:-

1. To waive liquidated damages, interest, penal charges, surcharges, interest for the delayed payment etc., on the arrears of electricity dues outstanding.

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2. To accept Rs.95.73 lakhs, being 85% of the minimum Demand charges for the disconnection period pertaining to the period up to April, 2002, as agreed to by the APCPDCL/AP TRANSCO at the Joint meeting held at the Department of industries and commerce on 16/11/2001.
3. To waive surcharge of Rs.589 lakhs charged on the arrears since May, 2002 till January 2011 and further surcharge on the same.
4. To waive penal interest of Rs. 36.91 lakhs charged on the arrears till April 2002.
5. To accept the payment of Rs.243 lakhs (Principle outstanding of Rs.135 lakhs plus Rs.108 lakhs being interest calculated on reducing balance method @6% on the principle outstanding since 2001 to 31/03/2018 as agreed at the joint meeting held at Department of Industries and Commerce on 16/11/2001)in equal monthly installments over seven years starting from date of sanction of scheme.
6. To agree for power tariff concessions at the rate of 25% of the Electricity bill for 7 years from the date of sanction of scheme.

4. However, the Secretary to Government, Energy (Power-I), I&I Department in the U.O Note 2nd read above, has informed that the company has been paying regular CC charges to the DISCOMs with 25% concession up to 26/07/2015 amounting to Rs.1254.20 lakhs which has to be paid directly by the Industries Department to the consumer under industrial incentives Scheme. For the future concessional tariff, the amount may be claimed by the consumer directly from the Industries Department.

5. Accordingly, the Commissioner of Industries, in his letter 3rd read above has informed that the issue has been placed before State Level Committee (SLC) in its Meeting held on dt: 21/11/2017 and the decision of SLC is as follows.

> "The SLC discussed the matter in detail, interacted with the representatives of the Company attended and the GM, DIC, Guntur district.
>
> The SLC opined that the BIFR package includes the concession @ 25% of power bills, which pertains to the Energy department and the same was approved by the SIPB. But there is no Industrial policy under which the BIFR package fits and the funds can be met. In view of the above, SLC decided to request the Government to issue necessary guidelines / instructions, as the SLC is not the Competent Authority to take a decision on sanction of such packages."

6. In view of the above, the Commissioner of Industries requested the Government to issue necessary orders on

1. Whether the rebate of 25% on power bill should be provided by the APSPDCL as agreed by them in the BIFR scheme and as per the decision of SIPB

or

2. To issue suitable guidelines along with funding to Industries Department as this case is not covered under any of the incentive schemes of the Industries Department and it is in deviation to the BIFR package sanctioned by GoI/G.O.Ms.No.48, Dt. 16.07.2015.

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7. Accordingly, the issue was discussed in the State Investment Promotion Board meeting held on 09.02.2019 and the Board have directed Industries Department, " to pay the rebate of 25% on power bill for 7 years, as agreed in the BIFR scheme from out of the Industrial Incentive Budget, though BIFR scheme envisages payment from APSPDCL."

8. Government after careful examination of the matter hereby direct the Commissioner of Industries, Andhra Pradesh, Vijayawada, to pay the rebate of 25% on power bills in favour of M/s. Sri Chakra Cements Ltd., for 7 years, as agreed in the BIFR scheme from out of the Industrial Incentive Budget, though BIFR scheme envisages payment from APSPDCL.

9. The Commissioner of Industries, Andhra Pradesh, Vijayawada shall take necessary action, accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIA RAJ
SECRETARY TO GOVERNMENT & CIP

To
The Commissioner of Industries,
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1st floor, Muthyalampadu, Vijayawada
Copy to:
Ind.& Comm.(P&I)Department
Law(H) Department.
The PS to Secretary to Government & CIP
SC/SF

//FORWARDED::BY ORDER//

SECTION OFFICER